

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, January 28, 2016

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Bayer, Senators Patrick, Souza, Lee, Den Hartog, Harris, Ward-Engelking and Burgoyne

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Rice** called the meeting to order at 8:00 a.m.

PASSED THE GAVEL: Chairman Rice passed the gavel to Vice Chairman Bayer.

DOCKET NO. 02-0625-1501 **Rules Governing the Planting of Beans, Other than *Phaseolus Species*, in Idaho.** **Jared Stuart**, Agriculture Section Manager, Idaho State Department of Agriculture (ISDA), stated this rule change came from the industry to amend the current rule to include a trial ground exemption. These changes will allow researchers to bring in small lots of seed without testing; the seeds would be inspected at a high rate in lieu of testing. These inspections would be conducted during the growing season when disease would manifest itself in the plants.

Senator Burgoyne asked where would these trial seeds be grown? Are they grown at seed facilities in controlled conditions or grown on leased, rented or otherwise acquired fields that are held by farmers? **Mr. Stuart** explained the trial seed lots can be grown in greenhouse conditions; in small plot conditions; or in other settings. There are rigorous inspections during the growing season until harvest. **Senator Burgoyne** asked how long is the growing season? **Mr. Stuart** responded that the growing season would commence in May and harvest would be between August and October depending on the crop.

Chairman Rice asked would the bean diseases reside in the seed and plant but not in the soil or are there some diseases that the seed would carry that would remain in the soil from one year to the next? **Mr. Stuart** explained that the diseases are seed borne and they are not diseases that would remain in the soil.

Senator Patrick asked for clarification of tests for soil-borne diseases, specifically ISDA's testing method for disease in the soil. **Mr. Stuart** explained that any seed that is imported from outside of the Idaho must be free of any soil. If there is soil in the seed, the seed lot would be rejected and not planted. **Senator Burgoyne** asked if there was an ability to treat the seed to eliminate disease that it might carry. **Mr. Stuart** explained there are treatments available for certain diseases but they are unable to treat virus diseases. **Chairman Rice** asked if when ISDA tests seeds under the new rule system, will these tests reveal diseases that would be carried in the soil or only disease that would be found in the seed. **Mr. Stuart** responded that the tests are specific to the regulated pests and diseases specified in the rule. Any of the diseases listed in the rule are not presently found in the soil.

MOTION: **Senator Harris** moved to approve **Docket No. 02-0625-1501**. Seconded by **Senator Lee**. The motion carried by **voice vote**.

**DOCKET NO.
02-0641-1501**

Rules Pertaining to Soil and Plant Amendments. **Jared Stuart**, Agriculture Section Manager, ISDA, said this rule pertains to the Idaho Soil and Plant Amendment Act of 2001. The changes in this rule update the publication that is incorporated by reference from the American Association of Plant Food Control Officials. Included are updated terms and definitions, to be consistent with industry standards.

MOTION:

Senator Lee moved to approve **Docket No. 02-0641-1501**. Seconded by **Senator Ward-Engelking**. The motion carried by **voice vote**.

**DOCKET NO.
08-0501-1501**

Rules Governing Idaho Seed and Plant Certification (ISPC). **Kent Nelson**, General Council for the University of Idaho (UI), stated that the Board of Regents took action to address compliance within statutory requirements related to seed certification. In 2014, the Board of Regents incorporated into its rules, by reference, the existing published standards for Certification of the Idaho Crop Improvement Association (ICIA). These existing published standards were created through the ICIA's established process involving the ICIA Board working in conjunction with committees for the various seed crops. The ICIA Board is composed of individuals representing the seed growers and processors; who then work to create and continuously update the standards. This process has brought the standards into compliance with the rulemaking process quickly, while minimizing disruption in the seed industry. The ICIA Board identified the standards that required promulgation in the Idaho Administrative Procedure Act (IAPA) while identifying processes and procedures that would not be included in the rule.

Chairman Rice asked if the ICIA Board had worked in conjunction with ISDA to develop the standards during the process of developing the IAPA rules? **Mr. Nelson** replied that they had worked closely with ISDA in the development of the IAPA rules. **Chairman Rice** asked for a description of the process of the development of these rules and what will be their approach for future changes in these rules? **Douglas Boze**, Executive Vice President of the ICIA, explained that the process that ISPC has been following for over 50 years begins at the advisory committee level, where issues with a particular crop are discussed. Scientific background is sought from UI to address either new exotic diseases or wheat contaminants that are an issue with a particular crop. Then a change is proposed to the ICIA Board of Directors. The ICIA Board enters the recommendation from the advisory committee, then they move the request for the proposed change onto the UI Foundation Seed Stock Committee. These scientists evaluate the proposed rule change, and if they approve the recommended change, it is recommended for approval by the UI Director of the Agriculture Experiment Station and then through the ISPC process.

Senator Souza asked are there any substantive changes in this rule other than procedural? **Mr. Boze** responded that they changed the process in which they segregated the actual standards from policies and procedures. There was one rule change proposal that came from the seed potato group: a disease of concern called zebra chip affecting (table stock, not necessarily seed). All the remaining crops and potato rules remain the same.

Senator Burgoyne asked if the general seed certification standards are simply being retitled and given a new date or are there changes in the publication? **Mr. Boze** responded that there is a change in the document. The document only contains the certification standards. There are no changes to the standards themselves; the process has just been moved to a different location.

MOTION:

Senator Den Hartog moved to approve **Docket No. 08-0501-1501**. Seconded by **Senator Burgoyne**. The motion carried by **voice vote**.

**DOCKET NO.
42-0101-1501**

Rules of the Idaho Wheat Commission. Blaine Jacobson, Executive Director, Idaho Wheat Commission (IWC), stated that two years ago they were informed by the Attorney General's office that the language in the IWC's rule was outdated. The new rule changes are primarily replacing outdated language. There is one substantive change in the grower lists section (400)(3); it requires elevator operators to submit a report annually to the IWC that lists the growers who delivered wheat to their elevators.

Senator Lee asked for clarification on section (300), which notes that growers pay per bushel. **Mr. Jacobson** explained this is one of the examples of the clean-up. Four years ago the assessment was increased to 3.5 cents; they made those changes in the legislation and then forgot to put it into the rule. **Senator Lee** asked for clarification on where the IWC receives the authority to change the assessment between 2 and 5 cents. **Mr. Jacobson** stated that assessment flexibility is in the legislation and he did not have a copy. **Chairman Rice** replied the legislation number is Idaho Code § 22-3315, which allows impacts not to exceed 5 cents per bushel.

Senator Harris requested information on section 400(03), elevator operator reports. Does the IWC have any concerns that some growers may refuse to supply their names to the elevator operator? **Mr. Jacobson** answered that growers are required to provide their name and address to the elevator operators. If there is an issue of confidentiality, the Attorney General's office indicated that all of the records of wheat tax payments would be considered a trade secret and would be kept confidential. This list will help the IWC do its job more efficiently.

Senator Den Hartog asked if the IWC did not have an accurate list of all the growers prior to the rule change, how did they know that the collection of the wheat tax was accurate? **Mr. Jacobson** responded that the growers are required to provide their name and address to the elevator operators. ISDA performs inspections on behalf of the IWC, along with an audit on the settlement sheets. ISDA is comfortable that the wheat tax has been collected and remitted.

MOTION: **Senator Harris** moved to approve **Docket No. 42-0101-1501**. Seconded by **Senator Lee**. The motion carried by **voice vote**.

PASSED THE GAVEL: Vice Chairman Bayer passed the gavel to Chairman Rice.

PRESENTATION: Idaho Wheat Commission. Blaine Jacobson, IWC, advised that the IWC is governed by a board of five commissioners who represent five geographical areas of the State. Idaho is considered one of the premier wheat-growing states both by the international and national customers that purchase wheat. Idaho is the largest grower of organic wheat in the United States. Last year the crop was 88 mm a bushel, split equally between export and domestic. Cash receipts were \$506 million, down 17 percent from 2014 (see attachment 1).

Some of the unique uses of Idaho wheat in the overseas market are sponge cake, steam bread, flat bread and noodles. The top ten customers for U.S. wheat shipped out of Portland, are Japan, Nigeria, Mexico, Phillipines, Korea, Egypt, China, Brazil, Taiwan and European Union. The IWC budget is \$2.379 million, and half of this budget is committed to research at the University of Idaho. The return on the investment for wheat is strong, with an average for commodity in the check-off programs of \$23. Today, 82 percent of the U.S. total exports go to Latin America, east and southeast Asia and parts of Africa.

There are upcoming market headwinds: 1) For the last three years, world production of wheat has experienced good weather and now the inventories are very high; 2) cheap ocean freight is available; 3) a strong U.S. dollar; and 4) non-scientific claims about negative impacts of eating wheat. **Mr. Jacobson** also mentioned that after damaging storms in 2014, IWC has taken a leadership role in addressing the insurance program gap.

River system transport is very important to wheat growers. IWC has advised their growers to be aware that there will be some investment in the river system to Portland. Portland is the number one port in the U.S. for wheat exports, and the IWC continues to be involved addressing environmental concerns there.

Mr. Jacobson argued that the dams on the Snake River/Columbia River do not block access for fish; 97 percent of the juvenile fish on the Snake River have safe passage. He said sockeye, fall chinook and coho had record runs this year. In terms of energy production, the output from the Snake River dams provides enough clean, renewable, carbon-free energy to power 1.87 million homes. Ten percent of the wheat in the U.S. travels through the Snake River and 17 percent goes through Portland. There is a growing emphasis on collaboration to help the salmon population on the Snake/Columbia River System rather than litigation. He stated Washington, Montana and Idaho are unified in their approach, along with seven tribal partners and navigation, utility and irrigation stakeholders, for the reestablishment of the fish population. The National Oceanographic and Atmospheric Administration has indicated fish survival rates through the hydro system are now approaching levels seen in rivers without dams. Today, there are more fish in the Columbia River than at any time since the first dam was built at Bonneville in 1938.

New legislation will combine the directorship and staff of the IWC and Idaho Barley Commission. There is a tremendous amount of overlap between wheat and barley cropping; it makes sense to combine the two commissions under one director, allowing the growers to make the best use of their money.

Senator Souza referred to a statement in the 2016 IWC Report that indicates that gluten-free products have topped out and that fad is on the decline. What source of information did IWC use to determine the gluten-free decline? **Mr. Jacobson** explained that the IWC funds and is a member of the Wheat Foods Council (WFC). The WFC tracks wheat product introductions by food companies. WFC has discovered that sales for gluten-free products have leveled out, and he believes that they will start going down. **Mr. Jacobson** said that there are studies that show that only about 2 percent of the U.S. population are allergic to gluten and another 10 or 15 percent are sensitive to gluten.

Senator Souza questioned the development process for the new hard white wheat that Idaho expects to release. **Mr. Jacobson** responded that developing a new variety and having it ready for market is quite time consuming. On average the process takes eight to ten years.

ADJOURNED: There being no further business, **Chairman Rice** adjourned the meeting at 9:30 a.m.

Senator Rice
Chair

Carol Deis
Secretary